



**OFFICE OF THE CITY MANAGER/EXECUTIVE DIRECTOR
65 Civic Avenue
Pittsburg, CA 94565**

TO: Mayor and Council Members

FROM: Garrett Evans, City Manager

SUBJECT: Adoption of a City Council Resolution Authorizing Joint Application to and Participation in Project Homekey

MEETING DATE: June 19, 2023

EXECUTIVE SUMMARY

The Department of Housing and Community Development (HCD) has issued a Notice of Funding Availability ("NOFA"), for Project Homekey ("Homekey" or "Program"). The City, with the technical support of Hope Solutions, are proposing to submit to HCD an application for Program funding in order to construct up to 14 income restricted housing units (along with one management unit), as well as supportive services for at-risk and homeless young adults (18-25 years of age).

FISCAL IMPACT

There is no fiscal impact as a result of this action. This action would authorize the City Manager to submit an application to HCD for Homekey funding, but does not allocate any funding for design costs, construction, supportive services, or other administrative costs; it is anticipated that Hope Solutions would cover all costs associated with future development and continued operations of this project.

RECOMMENDATION

City Council adopt the attached resolution authorizing the City Manager to submit an application to the Department of Housing and Community Development for Homekey funding.

BACKGROUND

In April 2023, Hope Solutions, along with the Church of the Nazarene, approached the City regarding a proposal to construct up to 14 single-family, detached residential units on excess property adjacent to the Church of the Nazarene, located at 5305 Kirker Pass Road, Assessor's Parcel Number 089-060-007. Hope Solutions is a non-profit coalition of faith-based organizations with the goal of providing emergency support to homeless individuals, including permanent supportive housing and individualized support services.

On March 29, 2023, HCD announced the third round of funding under Project Homekey, with approximately \$111 million available to local governments within the Bay Area, including \$77 million restricted to programs that support transition age youth (TAY). As Homekey applications require a local government partner to apply for funding, Hope Solutions has also requested the City be a co-applicant on a Homekey application.

ASSEMBLY BILL 2162 (2018)

Development of the project site would be regulated under California Assembly Bill No. 2162 (AB 2162) which became effective January 1, 2019. AB 2162 applies statewide and requires that supportive housing be a use that is permitted by right in zones where multifamily is permitted so long as the requirements in Government Code section 65651 are met, i.e., units are subject to a recorded affordability restriction for 55 years, units are restricted to lower income households, residents meet certain criteria, plan for supportive services is submitted, portion of development is dedicated to onsite supportive services, all units must include one bathroom, a kitchen or other cooking facilities, including, at minimum, a stovetop, a sink, and a refrigerator. AB-2162 requires local entities to streamline the approval of eligible housing projects by providing a ministerial approval process and by removing the requirements for environmental review under the California Environmental Quality Act (CEQA), Conditional Use Permit authorization or other entitlements granted by the City. While the process may be streamlined, projects must still comply with all existing zoning and objective design standards adopted in the City of Pittsburg.

SUBCOMMITTEE FINDINGS

On May 19, 2023, this item, including more details on the proposed project, was presented to the Land Use Subcommittee. The Subcommittee was generally supportive of the project, including the coordinated application for Homekey funding.

STAFF ANALYSIS

As further detailed in Attachment 2, the Hope Solutions “Village of Hope” Proposal, the need for affordable housing for transition age youth is growing, and the number of units available to this demographic has not kept pace. Hope Solutions proposes to build, own, and operate a “cottage community” for homeless transition age youth, in partnership with Church of the Nazarene. The church, which currently occupies 2.65 acres of land, would allocate approximately 0.75-acres of an undeveloped portion of property for the project.

As mentioned above, the community is planned to be comprised of 14 cottages with one services and property management office. The 14 homes will consist of 10 one-bedroom homes of approximately 425 square feet, and four two-bedroom homes of approximately 1,025 square feet. Hope Solutions will serve as the developer partner, owner, professional services provider, and property manager. If funded, Homekey would require a 55-year affordability and supportive services covenant.

While Hope Solutions is to secure funding for both construction capital and operating funding through HCD’s recent Homekey NOFA, to date, Hope Solutions has raised over \$5 Million in private philanthropy to help close any capital funding gap. Hope Solutions has selected and is already collaborating with an experienced project manager, civil engineering firm, architecture firm and manufacturer of the proposed cottages. Once the community has been built, Hope Solutions proposes to serve as the property manager and supportive

services provider, including the screening and selection of new residents and leasing and providing critical case management supportive services. Supportive services offered would include, but are not limited to, housing identification, including search, placement, lease negotiation, and ongoing tenancy management; flexible financial assistance for rent, deposits, and move-in support; and effective case management focused on housing stability, reducing tenancy barriers, life skill development and increasing family income. All units included in this project will be dedicated to homeless transition age youth, and tenants will pay 30% of their income toward rent.

The proposal would require the city or the city and the county, to develop and submit an application for the most recent round of funding for the “Homekey Program,” a grant program administered by HCD. HCD will accept applications through July 28, 2023, or until the available funds are exhausted, whichever occurs first. Prior to application submittal, staff will continue to work closely with HCD and Hope Solutions to identify a long-term operational plan and agreement, which will require City Council approval prior to execution.

Pursuant to the Resolution, the City would reserve the right to not submit or withdraw the application for Homekey funding at any time and for any reason, in the sole discretion of the City Manager.

ATTACHMENTS

1. Proposed Resolution
2. Hope Solutions “Village of Hope” Proposal
3. May 19, 2023 Land Use Subcommittee Presentation

Report prepared by: Jordan Davis, Director of Community and Economic Development